



Charitable Gaming

HIGHLIGHT\$

2002

Volume 15 No. 2

Pass it on . . .

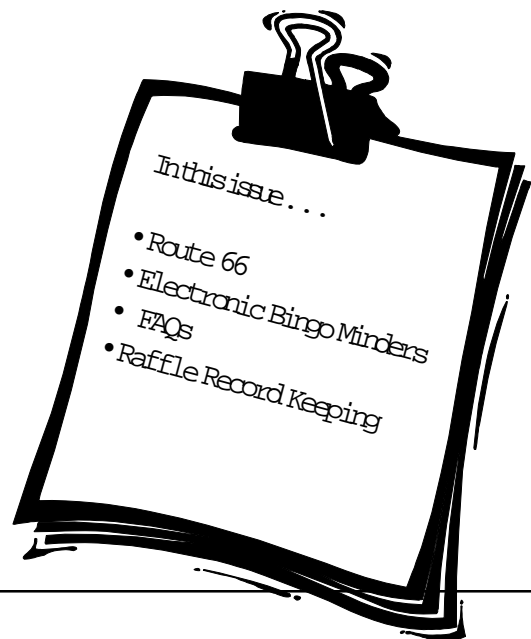
Each issue of *HIGHLIGHT\$* is packed with valuable information. Bingo workers, record keepers, ticket sellers, millionaire party workers, chairpersons, and officers of an organization *all* find beneficial information in this publication. In fact, it is the Charitable Gaming Division's most extensive means of communication with its licensees.

Oftentimes, we find volunteers working events are not given the opportunity to review *HIGHLIGHT\$*. As a result, many are not aware of the latest developments in the industry, financial information, accountability issues, and other information that could be of great benefit. As a rule, we mail only one copy of *HIGHLIGHT\$* to the principal officer of the organization; therefore, we count on the principal officer to "pass it on" to their volunteers.

If you are not already doing so, please take the time to ensure that those running your events are as informed as possible by giving them the opportunity to read *HIGHLIGHT\$*. Attaching a routing slip to be checked off by each reader is one reliable method. Of course, you are best able to judge the most effective method based on the size of your event and the location. Thank you for taking the extra step to help us better communicate with your volunteers.

Visit our web site at:

www.michigan.gov/cg



From the Commissioner's Desk

The Lottery recently closed the books on fiscal year 2002 with ticket sales approaching \$1.69 billion, roughly four percent ahead of last year! As a result of these great sales, lucky Lottery players all over the state took home \$918 million in prizes the past year. But, the proudest accomplishment for the Lottery concerns another very important group of people in Michigan -- public school children. Although the final numbers are not in, I am pleased to announce the Lottery's annual contribution to the state School Aid Fund is expected to be over \$605 million -- a more than three percent increase over last year.

As the Lottery looks ahead to fiscal year 2003, we are focused on keeping our game lineup fresh and exciting for players. The introduction of the new Change Play game on October 13 and the upcoming changes we expect to make to the Michigan Millions game in early 2003 will surely keep players interested in the Lottery's products.

While the Lottery's revenue benefits Michigan's public school children, the events licensed by the Charitable Gaming Division allow nonprofit organizations all over the state to raise money for very worthy causes. As we begin a new fiscal year, I plan to make full use of the experienced and knowledgeable staff in the Charitable Gaming Division to help make you aware of new information about charitable gaming activities and to keep the Charitable Gaming Division on course for another successful year.



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James E. Kipp.....Acting Commissioner
Michael G. Petersen.....Deputy Commissioner
Charitable Gaming

Editor.....Val Duvall
Contributing Writers.....Lorrie Dundon, Val Duvall,
Todd Gardner, Abby Harvey, Dave Owen, Mary Panetta,
and Tom Reich

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Michigan Lottery
Charitable Gaming Division
P.O. Box 30023
Lansing, MI 48909
Phone: 517.335.5780

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Electronic Bingo Generates Excitement and Increased Revenue in Lansing

Electronic bingo was introduced to Lansing this past June as part of a test being conducted by the Charitable Gaming Division. Twenty-seven licensees are participating in the test. Electronic bingo minders are hand-held computers that keep track of electronic bingo cards. When a ball is called during a bingo game, the player can enter the ball number and the computer will keep track of all the ball numbers entered. When a winning bingo combination is detected, the computer will alert the player with an audible signal.

Comments from electronic bingo manufacturers suggest Michigan bingo players have adapted to the electronic bingo technology more quickly than players in other states. The same sentiment was echoed by test participant Gary Case, Chairperson for Michigan Special Olympics Area 8, "We had some players who said they would never play electronic bingo. Those same people now buy electronic every week. There was a certain fear factor at first, but when we showed them how to use it the response was, 'you mean that's all there is to it?'"

Preliminary results from the test indicate 35% of all players purchase an electronic bingo minder each session. Electronic bingo players are also purchasing bingo paper, resulting in increased spending. To date, the average per player spending on bingo has increased nearly \$5 or 16.5%. The average electronic bingo player spends \$15 more on bingo than paper only players. Gary Case explained the impact electronic bingo has had at his game, "June was a slow month for us. The main reason we made a profit was due to electronic bingo".

Electronic bingo systems are provided on a pay for play basis, meaning there is no financial risk to the licensee. Licensees pay only for those units that are actually purchased by players. Suppliers charge a fee for each unit the licensee sells. The fee can vary greatly, depending upon the type of equipment and the number of licensees using the equipment.

In addition to the financial benefits, operational benefits have also been recognized. The electronic bingo systems being used for the test include a point of sale (POS) system. The POS system downloads cards to the electronic bingo unit and serves as a cash register, recording all electronic and paper sales made at the door. The system also issues a receipt for each transaction, eliminating the need for completing the required Master Control Sheet if charging an admission or selling hard cards. A summary report of all door sales is generated at the end of each session and attached to the game records.

We will keep you posted on further developments.



You'll Get Your Kicks with Route 66

Pull your convertible into the diner, have a cup of coffee, share some small talk with the waitress, and gaze over your road map as you ponder your cruise along Route 66. Players will reminisce while playing our latest 50 cent ticket containing three \$100 winners and no winner less than \$1. Enjoy the ride down Route 66!!!

Frequently Asked Questions

Q: What should be recorded under “Other Expenses” on my financial statement?

A: “Other Expenses” should include expenses directly related to your licensed gaming event. Examples of “other expenses” include, but are not limited to, purchase of pull-tab machines, bank fees, storage cabinets and locks for securing gaming assets, shortages, and UBIT taxes. Do not include expenses for food, entertainment, general fund transfers, utility bills, etc.

Q: What are the financial statement requirements for the three types of raffle licenses?

A: A small raffle license number begins with an “X” and it may be valid for one or more drawing dates. You are not required to file a financial statement for a small raffle.

A large raffle license that is valid for a single drawing date has a license number that begins with an “R.” You are required to file a financial statement for this event.

A large raffle that is valid for multiple drawing dates has a license number that begins with a “C.” You are required to file a single financial statement that includes the financial information from all drawings in the series after the last drawing date.

Q. We have a checking account devoted solely for our annual charity game ticket program. What expenses can we pay out of this checking account?

A: From your annual charity game ticket account, you can pay for any lawful expense of the qualified organization in accordance with the bylaws. For example, mortgage payments, rent, purchase of charity game tickets, utility bills, snow removal, ticket dispensing machine, etc.

Raffle Reporting and Record Keeping

If your organization obtained a *large* raffle license, the only form that needs to be submitted to the division is the completed Raffle Financial Statement.

If your organization conducted a *small* raffle, where the combined total value of all raffle prizes awarded does not exceed \$500, then a financial statement is not required. However, in both cases your organization is responsible for completing and/or retaining the following records for a minimum of the current calendar year plus three years:

- Workers Service Record (This must be completed even if workers are not paid. For information relating to workers and worker compensation, please refer to rule R 432.21516)
- Raffle Ticket Accountability form.
- A copy of the financial statement, if applicable.
- A copy of the raffle license application and any changes.
- The names and addresses of winners of prizes valued at more than \$100.
- The names and addresses of all persons receiving a raffle ticket seller’s incentive prize and the amount of the prize.
- Validated deposit slips for raffle ticket sales. (We recommend a separate deposit be made for other proceeds.)
- Bank statements from all accounts where raffle proceeds were deposited or transferred.
- Cancelled checks or copies of cancelled checks from all accounts where raffle proceeds were deposited or transferred.
- Invoices or receipts with the date, vendor’s name, and a description of the item or service for all expenditures made from the accounts where raffle proceeds were deposited or transferred.

Remember--only send the completed Raffle Financial Statement to us!!!

Prefilled Applications and Financial Statements

A big pat on the back to all of our licensees who are using the pre-filled applications and financial statements that we began mailing out last year. By using these forms, we can provide quicker and more accurate service. It also means less information you need to lookup and complete.

The top of the application and financial statement you receive in your license packets are pre-filled with your organization's information. These forms contain a unique bar code that we use to electronically process the information you submit to us.

Prefilled applications may be used the next time you apply for a license for the same type of event. Please look carefully at the pre-filled information to ensure that you are submitting the correct form, especially if you complete applications for more than one license.

Prior to completing your financial statement, please verify that the pre-filled information represents the event for which you are submitting information. Carefully review the license number, and event date or reporting period, especially if you complete financial statements for more than one license.

Keep in mind that our pre-filled forms are processed electronically using the unique bar code printed on the form. Please do not modify the pre-filled information or it will delay the processing of your information.

We encourage you to use the pre-filled forms you receive in your license packets. However, if you misplace your pre-filled form you will need to submit your information on a blank form which can be obtained by visiting our web site at www.michigan.gov/cg or by calling our forms request line at 517.241.7889.

New Millionaire Party Game Approved

The Charitable Gaming Division is pleased to announce the approval of Seven Card Stud Poker as a millionaire party game. This game must be conducted in accordance with the directive issued by the bureau. Seven Card Stud is a variation of poker in which seven cards are dealt to each player (three face down and four face up) over the course of five betting rounds.

A demonstration game was conducted at the Church of the Resurrection in Lansing during their September festival. According to millionaire party chairperson Lenny Ezzo, "Playing Seven Card Stud is a no brainer, just sit back, deal cards, and make money." The Church plans to play Seven Card Stud at next year's festival and expects to do even better with increased promotion.

Seven Card Stud is a great way to raise funds for your group risk free. The house may collect a "take" using either of the following two methods:

1. Collecting a required ante prior to each hand, or
2. Collecting a percentage of each pot after determining the winning hand.

The organization establishes the amount of the required ante or the percentage collected from each pot in the house rules. As always, a player's winnings are limited to \$500 per day.

For a copy of the Seven Card Stud Poker directive, you can call our forms request line at 517.241.7889 or visit our web site at www.michigan.gov/cg.

Administrative Actions



SUSPENDED LICENSES

Organization	Violations	Length	Date	License
Moose 933, Dowagiac	Illegal gambling machines.	6 months	10/10/01	All
American Legion 4 Mt. Clemens	Failure to account for all funds; failure to maintain accurate records.	6 weeks	5/5/02	All
Eagles 3306 Muskegon	Failure to account for all funds; failure to maintain accurate records.	20 weeks	5/5/02	Annual CGT
VFW 3735 Oscoda	Failure to account for all funds; failure to maintain accurate records.	3 weeks	5/12/02	Annual CGT
Our Lady of Guadalupe Church Flint	Failure to account for all funds; failure to maintain accurate records.	2 weeks	5/19/02	Bingo
Holy Redeemer Church Burton	Failure to account for all funds; failure to maintain accurate records; failure to account for all verification slips.	2 weeks	5/19/02	Bingo
American Legion 114 Ishpeming	Failure to account for all funds; failure to maintain accurate records.	12 weeks	6/9/02	All
American Legion 98 Big Rapids	Failure to account for all funds; failure to maintain accurate records.	1 week	6/9/02	All
Moose 195 Mt. Pleasant	Failure to account for all funds; failure to maintain accurate records.	12 weeks	6/9/02	All
Eagles 3575 Waterford	Failure to account for all funds; failure to maintain accurate records.	1 week	6/16/02	All
K of C 3577 Retirees Redford	Failure to account for all funds; failure to maintain accurate records; late deposits; cashing checks from bingo funds.	1 week	6/23/02	All
VFW 7309 Mason	Failure to account for all funds; failure to maintain accurate records.	6 weeks	6/23/02	All
Moose 50 Sparta	Failure to account for all funds; failure to maintain accurate records.	3 weeks	7/6/02	Bingo
VFW 2780 Traverse City	Failure to account for all funds; failure to maintain accurate records.	1 week	7/7/02	Annual CGT
Eagles 383, Traverse City	Failure to account for all funds; missing deposits.	5 weeks	7/7/02	Annual CGT
Fruitport Eagles 3666, Muskegon	Illegal raffles.	1 week	7/14/02	All
Moose 1157, Rockwood	Illegal raffles and football pools.	1 week	8/4/02	All
Indian River Lions Club Indian River	Failure to account for all funds; failure to maintain accurate records.	4 weeks	8/4/02	Bingo
St. Mary Church Gaylord	Failure to account for all funds; failure to maintain accurate records.	4 weeks	8/18/02	Bingo
Moose 1386 Munising	Failure to account for all funds; failure to maintain accurate records.	3 weeks	8/18/02	Annual CGT
Eagles 3552 Charlotte	Failure to account for all funds; failure to maintain accurate records.	6 weeks	8/18/02	Annual CGT

Administrative Actions continued



SUSPENDED LICENSES

Organization	Violations	Length	Date	License
American Legion 362 Coloma	Failure to account for all funds; failure to maintain accurate records.	1 week	8/18/02	Annual CGT
VFW 3673 Bessemer	Failure to account for all funds; failure to maintain accurate records.	5 weeks	8/25/02	Annual CGT
Montrose Lions Club Montrose	Failure to account for all funds; failure to maintain accurate records.	2 weeks	8/25/02	All
Eagles 4321 Greenville	Failure to account for all funds; failure to maintain accurate records.	5 weeks	9/15/02	Annual CGT
Southwest Little League Grand Rapids	Failure to account for all funds; failure to maintain accurate records.	16 weeks	10/27/02	All
VOLUNTARY SURRENDER OF LICENSE		Date	License Type	
Holy Redeemer Church, Burton		3/26/02	Bingo A21204	
		3/28/02	Bingo A21178	
Amvets 1983, Holland		5/20/02	Bingo A21029	
		5/31/02	Bingo A04144	
		6/30/02	Annual CGT	
San Felipe deJesus Church, Fennville		8/8/02	Bingo	
Muskegon Heights South Little League, Muskegon Heights		8/27/02	Bingo	
Bloomington Athletic Club, Paw Paw		9/30/02	Bingo	



Personnel-ly Speaking

New Faces

Becky Flynn is the division receptionist and the "smiling face" you hear when you call the main phone line or come into our office. She worked in the Receipts Processing Division of Treasury prior to coming to Lottery. Becky is also one of the biggest Elvis fans you'll ever meet.

Allyson Woodruff is the inspector for District 8. She graduated from Central Michigan University with a B.A. in business administration. Allyson came to the division after working at Disney World in the Logistics and Traffic Management department. Hobbies include participating in recreational basketball, softball and bowling leagues, reading classic novels, volunteering for Meals on Wheels and assistant coach for the Churchill High School JV softball team.

Retiring Faces

Sandy Cook was the director of the Administrative Unit since the spring of 1999. She had been with the State of Michigan for almost 30 years, most of them with the Michigan Department of Transportation. Sandy is looking forward to spending time with her granddaughter and traveling.

Janet Holden was the executive secretary to the deputy commissioner. She retires from the Lottery with more than 30 years of state service. Janet plans on devoting more time to her hobbies and exploring her passion for decorating.

Horses Blaze a Trail in Waterford

All ten bingo games at Players Hall in Waterford open the horse track seven days a week selling Derby Dollars! And *no one* sells Derby Dollars like St. Benedict Parish PTG on Saturdays from 2-5 p.m. In addition to Derby Dollars, they also sell plenty of Emerald Club plus five other tickets. Chairperson Eileen Surbrook says, "They're just so much easier, no mistakes, and no one comes up short because -- just like Emerald Club -- a box is opened and closed in one day."

When Derby Dollars was first released, St. Benedict Parish PTG was hesitant to try it. Eileen had heard from other bingos that some workers had trouble figuring out winner pay. "But our players kept asking for Derby Dollars, so I tried it." Eileen says she and one other worker are in charge of paying the prizes and have never had a problem. She explains that all the workers have things they are good at so they handle those jobs.

While it's typical for them to sell three boxes an afternoon, they can sell as many as seven boxes on a busy day. "I never open a new box unless I can sell it out," says Eileen. "The players want to know who the winners are right away."

Bingo regular Margo Ridley says of Derby Dollars, "It's marvelous!" She states that the \$300 winner and all the other chances to win at the end make the game very suspenseful. Margo enjoys horse racing and says that Derby Dollars gives her the feeling of being at the track -- "and the odds are better!"



Margo loves to
play
Derby
Dollars!!

